

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

In re:	:	Chapter 11
GELT FINANCIAL CORPORATION,	:	CASE NO. 11-15827
DEBTOR.	:	

**UNIVEST BANK AND TRUST COMPANY'S LIMITED OBJECTION TO DEBTOR'S
MOTION TO PERMIT (A) USE OF CASH COLLATERAL; (B) PROVIDE ADEQUATE
PROTECTION; AND (C) FOR AN EXPEDITED HEARING**

Univest Bank and Trust Company ("Univest" or "Bank"), by and through its undersigned counsel, submits the following limited objection to the Motion to Permit (A) Use of Cash Collateral; (B) Provide Adequate Protection; and (C) for an Expedited Hearing (the "Motion"). In support thereof, Univest respectfully avers as follows:

I. BACKGROUND

1. On July 26, 2011 (the "Petition Date"), Gelt Financial Corporation (the "Debtor") filed a voluntary petition (the "Petition") for reorganization with this Court pursuant to chapter 11 of title 11 of the United States Code (the "Bankruptcy Code").
2. Prior to the Petition Date, Debtor entered a loan agreement with Univest wherein Univest agreed to lend, and Debtor agreed to borrow, up to \$5,000,000 (the "Loan").
3. Debtor presently owes Univest \$4,545,344.00 pursuant to the Loan.
4. Gelt Properties, LLC¹, is a guarantor of the Loan.

¹ Gelt Properties, LLC ("Gelt Properties") filed for bankruptcy in this Court under case number 11-15826. Both Debtor and Gelt Properties are seeking joint administration of their cases. Gelt Properties also filed a motion requesting the use of cash collateral that is scheduled to be heard on August 9, 2011, the same date as the hearing on the Motion.

5. In the Motion, Debtor seeks to use cash collateral to continue its operations.²

II. LIMITED OBJECTION

6. Counsel to Univest has just recently been retained by the Bank in this matter and, thus, the Bank's review and investigation into the Debtor's representations in the Motion have just begun. As such, Univest will not oppose the Debtor's interim use of cash collateral through and including August 31, 2011. However, the Bank reserves any and all of its rights to object at a later date. This limited objection is intended to preserve Univest's rights and to clarify certain inadequacies in the pending Motion.

A. Insufficient Interim Payment

7. In Exhibit "C" to the Motion Debtor lists its monthly payment to Univest as \$13,291.00 with interest accruing at 3.5%.

8. According to Univest's Loan documents, Debtor is required to pay Univest \$18,853.29 per month with interest accruing at 4.75%. The Bank has no information suggesting the Loan was modified or amended in accordance with Exhibit "C."

B. Insufficient Representation Regarding Equity Cushion

9. Debtor has not presented support to show that an equity cushion exists in the collateral to protect Univest's interests.

10. Debtor merely states that, "[i]n this case there will be no post-petition diminution in value of the lenders' collateral" and that "[i]n fact, quite the opposite will occur." Motion ¶26. Debtor has provided no information to support such contention and the assertion is belied by the present state of the economy (which Debtor recognizes in the Motion).

² On August 3, 2011, this Court entered an Interim Order authorizing Debtor's use of cash collateral through August 12, 2011.

III. RELIEF REQUESTED

11. As noted, Univest does not oppose Debtor's continued use of cash collateral through August 31, 2011. Univest requests that Debtor provide evidence to support its contentions related to the amount of Univest's interim payment and any purported equity cushion prior to the filing of any motion seeking to further extend cash collateral beyond August 31, 2011. Univest further reserves all of its rights to object at a later time.

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